

Message Text

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ACTION EA-12

INFO OCT-01 ISO-00 COME-00 EB-08 OMB-01 TRSE-00 ACDA-12

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FM AMEMBASSY SEOUL

TO SECSTATE WASHDC 3203

C O N F I D E N T I A L SEOUL 7734

E.O. 11652: GDS

TAGS: MASS EAIR KS US

SUBJ: SAMSUNG PRECISION INDUSTRIES MAKES ADDITIONAL APPROACH ON
GAS TURBINE MAINTENANCE PLANS

REF: SEOUL 7644

1. CONTINUING ITS SERIES OF APPROACHES TO THE EMBASSY, SAMSUNG PRECISION INDUSTRIES CO. SENT EXECUTIVE DIRECTOR RO PYUNG SYK TO TALK WITH COMMERCIAL AND POLITICAL OFFICES AUGUST 30. RO SAID THAT SAMSUNG PRECISION HAS BEEN DESIGNATED TO SET UP A LARGE SCALE GAS TURBINE MAINTENANCE FACILITY WHICH WILL BE ABLE TO OVERHAUL AND REPAIR A WIDE RANGE OF GAS TURBINES, INCLUDING MARINE, STATIONARY AND AIRCRAFT ENGINES. RO SAID THAT SAMSUNG'S INITIAL AIM WOULD BE TO DEVELOP A CAPABILITY TO SERVICE ENGINES IN THE ROK AIR FORCE INVENTORY AND THAT THE FIRM IS IN CONTACT WITH GENERAL ELECTRIC. IN ADDITION, LETTERS WERE SENT AUGUST 28 TO LYCOMING AND THE ALLISON DIVISION OF GENERAL MOTORS.

2. RO MENTIONED IN A LOW KEY THAT THE SAMSUNG PROJECT WOULD HOPEFULLY EVOLVE OVER THE LONG TERM INTO THE MANUFACTURE OF ENGINE COMPONENTS AND POSSIBLY COMPLETE ENGINES. HE SAID THAT THE FIRM PLANS TO BEGIN OPERATION IN EARLY 1979, AT A SITE NEAR TAEGU, WITH A STAFF OF ABOUT 1000, MOST OF WHOM WERE EXPECTED TO COME FROM THE ENLISTED RANKS OF
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THE ROK AIR FORCE. WHEN ASKED IF SUCH A RAID ON THE PERSONNEL SYSTEM OF THE AIR FORCE MIGHT BE A SOURCE OF POTENTIAL CONFLICT, RO SAID THAT THE ISSUE HAD BEEN DECIDED AT HIGH LEVELS, AND THAT THE PLAN IS DESIGNED TO RETAIN IN THEIR CRAFT MILITARY SPECIALISTS WITH CRITICAL SKILLS. HE SAID THAT SAMSUNG PRECISION PLANNED TO OFFER A QUALIFIED MECHANIC THE EQUIVALENT OF \$500 PER

MONTH, WHICH COMPARED FAVORABLY WITH THE COMBINED SALARY AND FRINGE BENEFITS HE COULD RECEIVE IN THE AIR FORCE. RO SAID THAT SAMSUNG WAS LOOKING FOR "A GENERAL" TO HEAD THE OPERATION, AND ASKED, HALF IN JEST, IF EMBASSY OFFICERS KNEW OF A LIKELY CANDIDATE. (REPORTING OFFICER DECLINED TO OFFER A CANDIDATE.) RO SAID THAT SAMSUNG PRECISION HOPES FOR NEAR-TERM SALES OF ABOUT \$20 MILLION PER YEAR WITH A 5 PERCENT PROFIT MARGIN.

3. RO SAID THAT SAMSUNG PRECISION WOULD CONCENTRATE EXCLUSIVELY ON TURBINES, AND THAT KOREAN AIRLINES WAS BEGINNING A SIMILAR PROGRAM TO DO AIRFRAME MAINTENANCE AND OVERHAUL FOR THE ROK AIR FORCE.
GLEYSTEN

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